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**LASALLE PARISH SEWERAGE
DISTRICT NO. 1**

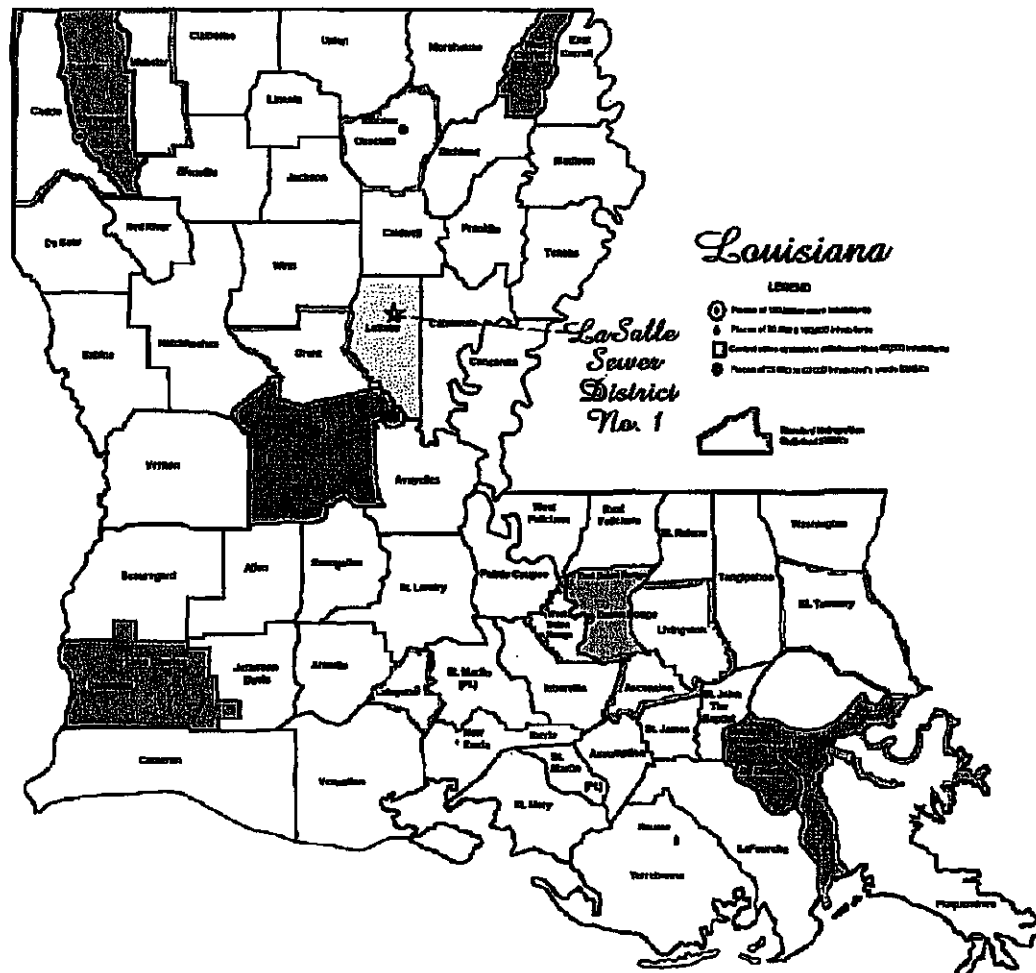
Basic Financial Statements

December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/6/08

LASALLE SEWERAGE DISTRICT NO. 1 TROUT, LOUISIANA



* LaSalle Sewerage District No. 1

LaSalle Sewerage District No. 1 was created by the LaSalle Parish Police Jury, as authorized by Louisiana Revised Statute 33:4562. The Sewerage District is administered by a board of commissioners who are appointed by the LaSalle Parish Police Jury. The district owns and operates sewerage facilities and engages in activities designed to provide sewerage disposal to the Trout, Goodpine and Midway Communities.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
LASALLE PARISH POLICE JURY
TROUT, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

LaSalle Parish Sewerage District No. 1
Trout, Louisiana

We have audited the accompanying financial statements of the governmental and business-type activities of the LaSalle Parish Sewerage District No. 1, a component unit of the LaSalle Parish Police Jury, as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the LaSalle Parish Sewerage District No. 1's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and business-type activities of the LaSalle Parish Sewerage District No. 1 as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2008, on our consideration of the LaSalle Parish Sewerage District No. 1's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

John R. Vercher PC

Jena, Louisiana
April 22, 2008

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the District, we offer readers of the LaSalle Sewage District No. 1 financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with the District's audited financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$955,753 (*net assets*). This amount represents \$959,546 net assets for the business-type activities and \$(3,793) net assets for the governmental activities.

The District had total revenue of \$9,732 in its governmental fund and \$275,657 in its enterprise fund, including interest income of \$3,644.

Expenses for the governmental fund totaled \$9,024, including interest expense of \$3,025; and expenses for the enterprise fund totaled \$307,287, including interest expense of \$39,251.

The change in net assets of the governmental fund was \$6,707, while the change in net assets of the enterprise fund was \$(31,630).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The District is a special-purpose entity engaged in business-type and governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, December 31, 2004, the Authority adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

MD&A

Table 1
Balance Sheet (*Enterprise Fund*)

The following table represents a Comparative Balance Sheet as of December 31, 2007:

Assets	2006	2007	% Change
Current Assets	\$ 87,832	\$ 60,235	-31.4%
Restricted Assets	213,906	221,832	3.7%
Capital Assets, Net	1,578,262	1,519,267	-3.7%
Total Assets	1,880,000	1,801,334	-4.2%
Liabilities & Net Assets			
Current Liabilities	85,603	82,676	-3.4%
Long-Term Liabilities	803,221	759,112	-5.5%
Total Liabilities	888,824	841,788	-5.3%
Net Assets			
Invested in Capital Assets, Net of Related Debt	758,062	741,039	-2.2%
Restricted for Debt Service	110,484	129,572	17.3%
Unrestricted	122,630	88,935	-27.5%
Total Net Assets	991,176	959,546	-3.2%
Total Liabilities & Net Assets	\$ 1,880,000	\$ 1,801,334	-4.2%

Table 2
Changes in Net Assets (*Enterprise Fund*)

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Assets for the year ended December 31, 2007:

	2006	2007	% Change
Beginning Net Assets	\$ 1,010,473	\$ 991,176	-1.9%
Operating Revenues	265,244	272,013	2.6%
Non-Operating Revenues	3,835	3,644	-5.0%
Operating Expenses	(246,983)	(268,036)	8.5%
Non-Operating Expenses	(41,393)	(39,251)	-5.2%
Increase (Decrease) in Net Assets	(19,297)	(31,630)	-63.9%
Ending Net Assets	\$ 991,176	\$ 959,546	-3.2%

MD&A

Table 3
Balance Sheet (*Debt Service Fund*)

The following table represents a Comparative Balance Sheet as of December 31, 2007:

Assets	2006	2007	% Change
Current Assets	\$ <u>50,355</u>	\$ <u>51,032</u>	1.3%
Total Assets	<u>50,355</u>	<u>51,032</u>	1.3%
 Liabilities & Net Assets			
Current Liabilities	<u>360</u>	<u>329</u>	-8.6%
Total Liabilities	<u>360</u>	<u>329</u>	-8.6%
 Fund Balances			
Reserved For Debt Service	<u>49,995</u>	<u>50,703</u>	1.4%
Total Liabilities & Fund Balances	\$ <u>50,355</u>	\$ <u>51,032</u>	1.3%

DEBT SERVICE FUND

The District maintains a debt service fund which collects ad valorem taxes in order to service the debt of the general obligation loans outstanding. As of December 31, 2007, the District had \$54,496 in general obligation bonds payable.

USING THIS ANNUAL REPORT

The District's annual report consists of financial statements that show information about the Districts funds, an enterprise fund and a governmental fund.

Our auditor has provided assurance in his independent auditor's report, located immediately following this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

MD&A

CAPITAL ASSETS

Capital Assets

At December 31, 2007, the District had \$1,519,267 invested in a broad range of capital assets, including the sewer system, leasehold improvements, and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$58,995, or 3.7% from last year.

Capital Assets at Year-End

	2006	2007
Sewer System, Machinery & Equipment	\$ 3,214,272	\$ 3,224,663
Accumulated Depreciation	(1,636,010)	(1,705,396)
Total Capital Assets, Net	\$ 1,578,262	\$ 1,519,267

The District went into a lease agreement purchase for a 2005 Ford F-350 on February 25, 2005. The remaining principle as of December 31, 2007 is \$5,748.

CONTACTING THE SEWER DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the LaSalle Sewerage District No. 1's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Sharon Keel, Clerk, at the Sewerage District, PO Box 1, Trout, Louisiana 71371, telephone number (318) 992-4777.

Basic Financial Statements

LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA
Statement of Net Assets
December 31, 2007

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 41,623	\$ 8,103	\$ 49,726
Receivables (Net of Allowances for Uncollectable)	9,409	52,132	61,541
Restricted Assets	-0-	221,832	221,832
Capital Assets	-0-	1,519,267	1,519,267
TOTAL ASSETS	<u>51,032</u>	<u>1,801,334</u>	<u>1,852,366</u>
LIABILITIES			
Accounts, Salaries, & Other Payables	-0-	6,938	6,938
Accrued Interest	-0-	29,337	29,337
Other Liabilities	329	4,158	4,487
Customer Deposits	-0-	23,127	23,127
Bonds Payable	54,496	772,480	826,976
Lease Payable	-0-	5,748	5,748
TOTAL LIABILITIES	<u>54,825</u>	<u>841,788</u>	<u>896,613</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-0-	741,039	741,039
Restricted Assets	-0-	129,572	129,572
Unrestricted Assets	(3,793)	88,935	85,142
TOTAL NET ASSETS	<u>\$ (3,793)</u>	<u>\$ 959,546</u>	<u>\$ 955,753</u>

The accompanying notes are an integral part of this statement.

Statement B

LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2007

	EXPENSES		PROGRAM REVENUES		NET (EXPENSES) REVENUES & CHANGES OF			
					PRIMARY GOVERNMENT			
	Expenses	Charges for Services	Operating Grants & Contributions	Net (Expenses)/Revenue	Governmental Activities	Business-Type Activities	Total	
GOVERNMENTAL ACTIVITIES								
General Government - Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
Interest on Long-Term Debt	(3,025)	-0-	-0-	(3,025)	(3,025)	-0-	(3,025)	
TOTAL GOVERNMENTAL ACTIVITIES	<u>(3,025)</u>	<u>-0-</u>	<u>-0-</u>	<u>(3,025)</u>	<u>(3,025)</u>	<u>-0-</u>	<u>(3,025)</u>	
BUSINESS-TYPE ACTIVITIES								
Sewer	(268,036)	226,180	-0-	(41,856)	-0-	(41,856)	(41,856)	
Interest on Long-Term Debt	(39,251)	-0-	-0-	(39,251)	-0-	(39,251)	(39,251)	
TOTAL BUSINESS-TYPE ACTIVITIES	<u>(307,287)</u>	<u>226,180</u>	<u>-0-</u>	<u>(81,107)</u>	<u>-0-</u>	<u>(81,107)</u>	<u>(81,107)</u>	
TOTAL PRIMARY GOVERNMENT	<u>\$ (310,312)</u>	<u>\$ 226,180</u>	<u>\$ -0-</u>	<u>\$ (84,132)</u>	<u>(3,025)</u>	<u>(81,107)</u>	<u>(84,132)</u>	
GENERAL REVENUES								
Taxes					9,732	42,316	52,048	
Miscellaneous Revenue					-0-	3,517	3,517	
Investment Earnings					-0-	3,644	3,644	
TOTAL GENERAL REVENUES					<u>9,732</u>	<u>49,477</u>	<u>59,209</u>	
CHANGE IN NET ASSETS					6,707	(31,630)	(24,923)	
NET ASSETS - BEGINNING					(10,500)	991,176	980,676	
NET ASSETS - ENDING					<u>\$ (3,793)</u>	<u>\$ 959,546</u>	<u>\$ 955,753</u>	

The accompanying notes are an integral part of this statement.

LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA
Balance Sheet-Governmental Fund
December 31, 2007

	DEBT SERVICE FUND
ASSETS	
Cash & Cash Equivalents	\$ 41,623
Receivables (Net of Allowances for Uncollectables)	9,409
TOTAL ASSETS	<u>51,032</u>
LIABILITIES & FUND BALANCES	
Deduction from Advalorem Tax	329
TOTAL LIABILITIES	<u>329</u>
Fund Balances:	
Reserved for Debt Service	50,703
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 51,032</u>

The accompanying notes are an integral part of this statement.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA
Reconciliation of the Government Fund Balance Sheet
To the Government-Wide Financial Statement of Net Assets
December 31, 2007**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$ 50,703
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	-0-
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
GO Bonds	<u>(54,496)</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ (3,793)</u>

The accompanying notes are an integral part of this statement.

LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA
Statement of Revenues, Expenditures & Changes in Fund Balances
Governmental Fund
December 31, 2007

	DEBT SERVICE FUND
REVENUES	
Advalorem Taxes	\$ 9,732
TOTAL REVENUES	<u>9,732</u>
EXPENDITURES	
Bond Payment Principle	5,999
Bond Payment Interest	<u>3,025</u>
TOTAL EXPENDITURES	<u>9,024</u>
NET CHANGE IN FUND BALANCE	708
FUND BALANCES - BEGINNING	49,995
FUND BALANCES - ENDING	<u>\$ 50,703</u>

The accompanying notes are an integral part of this statement.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures, & Changes
In Fund Balances of Governmental Fund to the Statement of Activities
December 31, 2007**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E	\$	708
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Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		-0-
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The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		5,999
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		-0-
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Changes in Net Assets of Governmental Activities, statement B	\$	<u>6,707</u>
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The accompanying notes are an integral part of this statement.

LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA
Statement of Net Assets
Proprietary Fund
December 31, 2007

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND
ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 8,103
Receivables (Net of Allowances for Uncollectables)	52,132
TOTAL CURRENT ASSETS	60,235
NON-CURRENT ASSETS	
Restricted Assets	221,832
Capital Assets (Net of Accumulated Depreciation)	1,519,267
TOTAL NON-CURRENT ASSETS	1,741,099
TOTAL ASSETS	1,801,334
LIABILITIES	
CURRENT LIABILITIES	
Accounts, Salaries, & Other Payables	6,938
Deduction from Advalorem Tax	1,318
Accrued Absences	2,840
Lease Payable - Current	5,748
TOTAL CURRENT LIABILITIES	16,844
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Accrued Interest	29,337
Revenue Bonds - Current	36,495
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	65,832
NON-CURRENT LIABILITIES	
Revenue Bonds	735,985
Customer Deposits	23,127
TOTAL NON-CURRENT LIABILITIES	759,112
TOTAL LIABILITIES	841,788
NET ASSETS	
Invested in Capital Assets Net of Related Debt	741,039
Restricted for Debt Service	129,572
Unrestricted	88,935
TOTAL NET ASSETS	\$ 959,546

The accompanying notes are an integral part of this statement.

LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA
Statement of Revenues, Expenditures, & Changes in Net Assets
Proprietary Fund
December 31, 2007

	BUSINESS-TYPE ACTIVITIES <hr/> ENTERPRISE FUND <hr/>
OPERATING REVENUES	
Service Charge	\$ 226,180
Advalorem Tax	42,316
Miscellaneous Revenue	3,517
TOTAL OPERATING REVENUES	<hr/> 272,013 <hr/>
OPERATING EXPENSES	
Cost of Sales & Services	116,132
Administration	82,518
Depreciation	69,386
TOTAL OPERATING EXPENSES	<hr/> 268,036 <hr/>
OPERATING INCOME (LOSS)	<hr/> 3,977 <hr/>
NON-OPERATING REVENUES (EXPENSES)	
Interest Earnings	3,644
Interest Expense	(39,251)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<hr/> (35,607) <hr/>
CHANGE IN NET ASSETS	(31,630)
TOTAL NET ASSETS - BEGINNING	991,176
TOTAL NET ASSETS - ENDING	\$ <hr/> 959,546 <hr/>

The accompanying notes are an integral part of this statement.

LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA
Statement of Cash Flows
Year Ended December 31, 2007

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers & Users	\$ 275,633
Payments to Suppliers	(120,613)
Payments to Employees	(83,101)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>71,919</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(10,391)
Interest Expense	(39,251)
Principal Payment on Long-Term Debt	(36,495)
Lease Payable	(5,477)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(91,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments	(7,926)
Interest Earnings	3,644
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(4,282)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(23,977)
CASH - BEGINNING OF YEAR	32,080
CASH - END OF YEAR	<u>\$ 8,103</u>

The accompanying notes are an integral part of this statement.

LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA
Statement of Cash Flows
Year Ended December 31, 2007

Reconciliation

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ <u>3,977</u>
Depreciation Expense	69,386
(Increase) Decrease in Accounts Receivable	3,620
Increase (Decrease) in Customer Deposits	180
Increase (Decrease) in Accrued Interest	(1,601)
Increase (Decrease) in Accounts Payable	(2,934)
Increase (Decrease) in Deduction From Ad Valorem Tax	(126)
Increase (Decrease) in Accrued Absences	<u>(583)</u>
TOTAL ADJUSTMENTS	<u>67,942</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>71,919</u>

LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES

Contributions of Capital Assets From Government	\$ <u>-0-</u>
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The accompanying notes are an integral part of this statement.

**Notes to the Basic
Financial Statements**

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LaSalle Sewerage District No. 1 was created by the LaSalle Parish Police Jury, as authorized by Louisiana Revised Statute 33:4562. The Sewerage District is administered by a board of five commissioners who are appointed by the LaSalle Parish Police Jury. The district owns and operates sewerage facilities and engages in activities designed to provide sewerage disposal to the Trout, Goodpine, and Midway Communities.

For financial reporting purposes the District is a component unit of the LaSalle Parish Police Jury, the governing body of the parish. The accompanying financial statements present financial information only on the funds and account groups maintained by LaSalle Sewerage District No. 1 and do not present information on the Police Jury and the general government services provided by that governmental unit or any of its other component units.

The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

- Debt Service – To account for ad valorem taxes dedicated to debt service.

The municipality reports the following major proprietary funds:

- Sewer Fund – The Enterprise Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues are utility billings. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. CASH & INVESTMENTS – (C.D.'S IN EXCESS OF 90 DAYS)

Deposits

It is the District's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The District's deposits are categorized to give an indication of the level of risk assumed by the District at year end. The categories are describes as follows:

- **Category 1** – Insured or collateralized with securities held by the District or by its agent in the District's name.
- **Category 2** – Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- **Category 3** – Uncollateralized.

	Bank Balance 12/31/2007
Southern Heritage Bank	\$ 283,079
Secured as Follows:	
FDIC (<i>Category - 1</i>)	156,140
LaFourche Parish (<i>Category - 2</i>)	173,934
Total	\$ 330,074

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

D. INVENTORIES

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

E. ACCOUNTS RECEIVABLE & ALLOWANCES FOR BAD DEBTS

Uncollectable amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectables of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

Proprietary-

Accounts Receivable	\$ 16,591
Allowance for Bad Debt	(830)
Ad Valorem Tax Receivable	36,371
Total Receivables	\$ <u>52,132</u>

Allowance for bad debts is established at 5% of customer accounts receivable.

Debt Service-

Ad Valorem Tax Receivable	\$ <u>9,409</u>
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2. AD VALOREM TAXES

For the year ended December 31, 2007, taxes of 12.52 mills were levied on property with assessed valuations totaling \$5,537,470 and were dedicated as follows:

	<u>TOTAL VALUATION</u>	<u>TAX ASSESSED</u>	<u>MILLS</u>
General Sewer Maintenance	-	\$ 39,042	10.02
Debt Service (G.O. Bonds)	-	9,741	2.50
Total	\$ 5,537,470	\$ 48,783	12.52

Total taxes levied were \$48,783. Taxes are due October 15 of each year and become delinquent January 1.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At December 31, 2007 restricted assets were applicable to the following:

Bond Reserve Account	\$ 52,857
Bond Contingency Account	22,292
Customers' Deposit	14,438
Sinking Fund	80,255
Reserve CD	40,000
Customer Deposit Savings	11,990
Total	\$ 221,832

All restricted assets and operating accounts are on deposit at an FDIC Insured Depository. As of December 31, 2007, bank balances are collateralized with FDIC coverage of \$100,000 and pledged securities as follows:

	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
LaFourche Parish LA RD SA & LaFourche Parish LA WTR Dist # 1	\$ 174,000	\$ 174,000	\$ 173,934

4. CHANGES IN FIXED ASSETS - PROPRIETARY FUNDS

A summary of proprietary fund type property, plant and equipment at December 31, 2007:

	<u>Balance 12/31/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/07</u>
System (Cost)	\$ 3,214,272	\$ 10,391	\$ -0-	\$ 3,224,663
Less Allowance for Depreciation	(1,636,010)	(69,386)	-0-	(1,705,396)
Net Plant	\$ 1,578,262	\$ (58,995)	\$ -0-	\$ 1,519,267

5. CHANGES IN LONG-TERM DEBT

The following is a summary of payable transactions of the LaSalle Sewerage District No. 1 for the year ended December 31, 2007.

	<u>General Obligation</u>	<u>Revenue Bonds</u>	<u>Lease Payable</u>	<u>Total</u>
Bonds & Notes Payable at 12-31-2006	\$ 60,495	\$ 808,975	\$ 11,225	\$ 880,695
Additions	-0-	-0-	-0-	-0-
Reductions	(5,999)	(36,495)	(5,477)	(47,971)
Bonds & Notes Payable at 12-31-2007	\$ 54,496	\$ 772,480	\$ 5,748	\$ 832,724

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Bonds and lease payables at December 31, 2007 are comprised of the following individual issues:

General Obligation Bonds

\$170,000 Sewer F.O. Bonds dated 3/30/78; due in annual installments through 3/30/2017, interest at 5%.	\$ 54,496
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Revenue Bonds (Enterprise Fund)

\$427,000 Sewer Revenue Bonds dated 3/30/1978; due in annual installments of \$25,600 through 3/30/2019, interest at 5%.	212,000
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\$58,000 Sewer Revenue Bonds dated 6/8/1979; due in annual installments of \$3,500 through 3/30/2019, interest at 5%.	24,000
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\$820,000 Sewer Revenue Bonds dated 8/30/1990; due in annual installments of \$48,191 through 3/30/2030, interest at 5%.	536,480
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Revenue Notes

\$24,131 Truck Lease at Ford Motor Credit Company for the purchase of a 2005 Ford F350, payable in annual installments of \$6,033 through 2/25/08, interest at 4.95%.	5,748
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Total	\$ 832,724
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The annual requirement to amortize all debt outstanding as of December 31, 2007, including interest payments of \$696,906 are as follows:

Year Ending December 31	Ford F350 Lease Payable	Sewer G.O. Bonds	Sewer Revenue Bonds	Total
2008	\$ 6,033	\$ 10,150	\$ 76,991	\$ 93,174
2009	-0-	9,850	77,141	86,991
2010	-0-	10,550	77,241	87,791
2011	-0-	10,550	76,291	86,841
2012	-0-	9,900	76,341	86,241
2013 - 2017	-0-	52,900	379,705	432,605
2018 - 2022	-0-	-0-	270,455	270,455
2023 - 2027	-0-	-0-	192,766	192,766
2028 - 2032	-0-	-0-	192,766	192,766
Total	\$ 6,033	\$ 103,900	\$ 1,419,697	\$ 1,529,630

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

6. FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUND REVENUE

Under the terms of the bond indenture relating to Sewer Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Sewer System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

- (A) Out of revenue to the "Operations and Maintenance Fund", and amount sufficient to provide for expenses of the system.
- (B) Each month, there will be set aside into a fund called the "Bond and Interest Redemption Fund", an amount constituting 1/12 of the next maturing yearly installment of principal and interest payments. These funds may be used only for payment of bond principal and interest.
- (C) There shall also be set aside into a "Bond Reserve Fund", and amount equal to 5% of the monthly payment being made in to the sinking fund until it equals the highest combined annual debt service in any future year on the outstanding bonds or \$77,913. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the "Bond and Interest Redemption Fund".
- (D) Funds will also be set aside into a Contingency Fund at the rate of \$375 per month. Money in this fund may be used for the making of extraordinary repairs to the system which are necessary to keep the system in operating condition. Money in this fund may be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.
- (E) All of the revenue received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose of the District.

Reservations of net assets have been made for funds in restricted accounts that exceed current interest and principal requirements.

7. BOARD MEMBERS

The following is a list of board members for the year ended December 31, 2007:

Huey King - Chairman
Don Smith
Johnny Beard
James Atkins
Kevin Jones

Board members are each paid \$60 per meeting when present.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

8. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. ACCRUED SICK LEAVE AND VACATION

The accrued sick leave and vacation is as follows:

<u>Employee</u>	<u>Amount</u>
Charles Smith	\$ 1,181
Harold Carter	872
Aubrey Brown	601
Sharon Keel	142
Marie Carter	44
Total Accrued Sick Leave & Vacation	\$ 2,840

10. LITIGATION

The District had no outstanding judgments or pending litigations as of December 31, 2007.

11. RETIREMENT PLANS

The system does not offer its employees a retirement plan. All employees are in the social security system.

12. SEWER RATES

The District's current sewer rates are as follows:

<i>Residential</i>	\$ 13.44 per month flat rate plus \$1.79 for each 1,000 gallons of water
<i>Residential (Non-Metered Water)</i>	\$ 19.84 per month flat rate
<i>Industrial</i>	\$ 32.00 per month flat rate plus \$2.30 for each 1,000 gallons of water

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

13. JOINT VENTURE WITH TOWN OF JENA

The Town of Jena owns and maintains the sewer treatment plant that processes the District's sewerage. The Town of Jena charges the District 1/3 of the operation and maintenance costs of the sewer plant.

14. DEFICIT IN DEBT SERVICE NET ASSETS

The debt service fund ended the year with a deficit in net assets of \$(3,793).

**Other
Reports**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

LaSalle Parish Sewerage District No. 1
Trout, Louisiana

We have audited the financial statements of the governmental and business-type activities of the LaSalle Parish Sewerage District No. 1 as of and for the year ended December 31, 2007, which collectively comprise the LaSalle Parish Sewerage District No. 1's basic financial statements and have issued our report thereon dated April 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the LaSalle Parish Sewerage District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LaSalle Parish Sewerage District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the LaSalle Parish Sewerage District No. 1's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the LaSalle Parish Sewerage District No. 1's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the LaSalle Parish Sewerage District No. 1's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

MEMBER
— AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS —
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LaSalle Parish Sewerage District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

John R. Vercher PC

Jena, Louisiana
April 22, 2008

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended December 31, 2007**

We have audited the basic financial statements which collectively comprise the LaSalle Parish Sewerage District No. 1 as of and for the year ended December 31, 2007 and have issued our report thereon dated April 22, 2008. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2007 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards -- (Not Applicable)

Internal Control

Material Weaknesses ☐ Yes ☐ No Reportable Conditions ☐ Yes ☐ No

Type of Opinion On Compliance ☐ Unqualified ☐ Qualified
For Major Programs ☐ Disclaimer ☐ Adverse

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☐ No

c. Identification Of Major Programs:

CFDA Number (s)	Name Of Federal Program (or Cluster)
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Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended December 31, 2007**

Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS

No items to report.

Section III – Internal Control

No items to report.

Section IV Federal Awards Findings and Questioned Costs.

Not applicable.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the LaSalle Parish Sewerage District No. 1 has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended December 31, 2006.

PRIOR YEAR FINDINGS

There were no prior year findings.

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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the District's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year comments.